

DEC 01 1993

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code and have determined that you do not qualify for exemption under that section. Our reasons for this conclusion and the facts on which it is based are explained below.

The evidence submitted indicates that you were incorporated [REDACTED] under the laws of [REDACTED] for the following purposes:

- a. To inform its members and others about [REDACTED], [REDACTED] and related matters.
- b. To work for the benefit of [REDACTED], [REDACTED] and the world community.
- c. To promote goodwill and friendship between the peoples and governments of [REDACTED], the United States and other nations, and among their governments.
- d. To help former [REDACTED] Volunteers communicate with each other.
- e. To communicate with and assist current [REDACTED] Volunteers.
- f. To assist [REDACTED] in the United States.
- g. To arrange meetings, reunions, trips and other events related to the above purposes.
- h. To generally promote peace and understanding and to promote and conduct research, educational, cultural, social, and scientific efforts related to the above goals and to make and receive donations for charitable, educational, and other purposes consistent with the above goals.

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	11/23/93	11/24/93	12/1/93				

[REDACTED]

Your activities, as described in your application, include publishing a newsletter, a directory of former [REDACTED] volunteers, and funding development projects.

You state that you expect to have three principal activities, publishing a newsletter, publishing a directory of former [REDACTED] volunteers that served in [REDACTED], and funding development projects. You state that the purpose of the newsletter is to inform members about current events in [REDACTED] and will provide information to the membership about the activities of your organization.

However, no specific details concerning these activities or samples of published or proposed newsletters have been submitted to us to illustrate the type of activities in which you are engaged. This activity consumes approximately [REDACTED]% of your time.

You also state that you publish a directory of your members which involves [REDACTED]% of your time and expect to fund development projects which may include health, education, trades, and agricultural projects.

However, no specific details have been submitted concerning your proposed activities in these areas. To date, you state that none of your organization's time and resources have been spent pursuing developmental projects.

Section 501(c)(3) of the Internal Revenue Code provides for the exemption from Federal income tax for organizations which are organized and operated exclusively for charitable, religious, and educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to qualify for exemption under Code section 501(c)(3), an organization must be both organized and operated exclusively for one or more exempt purposes. Failure to meet either the organizational or operational test will disqualify an organization from exemption under section 501(c)(3).

Section 1.501(c)(3)-1(b)(1) of the Income Tax Regulations specifies that an organization is organized for one or more exempt purposes if its Articles of Incorporation limit the purpose of such organization to exempt purposes.

Section 1.501(c)(3)-1(c)(1) of the Regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish such purposes. An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations states that an organization is not organized or operated for any purpose under section 501(c)(3) unless it serves a public rather than a private interest. Thus to meet the requirements of this subparagraph, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholders of the organization or persons controlled, directly or indirectly, by such private interests. Moreover, even though an organization may have exempt purposes, it will not be considered as operating exclusively for such purpose if more than an insubstantial part of its activities serve a private interest.

In Better Business Bureau v. United States, 326 U.S. 279-283, (1945), the court held that the existence of a single non-exempt purpose, if substantial in nature, will destroy exemption under section 501(c)(3) regardless of the number or importance of truly exempt purposes. To qualify for exemption under section 501(c)(3), the applicant organization must show (1) that it is organized and operated exclusively for religious, or charitable purposes, (2) that no part of the net earnings inures to the benefit of a private individual or shareholder, and (3) that no substantial part of its activities consists of the dissemination of propaganda or otherwise attempting to influence legislation or engaging in political activity. See Kenner v. Commissioner, 318 F. 2d. 632, (7th Cir. 1963).

In general, an organization which applies for recognition of exemption has the burden of proving that it clearly meets all the requirements of the particular Code section under which it has applied. See Kenner v. Commissioner, 318F, 2d 632 (7th Cir. 1963), and Cleveland Chiropractic College v. Commissioner, 312F, 2d, 203, 206 (8th Cir. 1963).

Our review of your application indicates that your articles of incorporation do not meet the organizational test required to be recognized as tax exempt under section 501(c)(3) since this document does not limit your purposes exclusively to one or more purposes described in this section.

We have also reviewed the information you submitted concerning your organization's activities and have determined that you have not met your burden of proof to show that you are operated exclusively for 501(c)(3) purposes. You state in your application that your primary activities include printing and distributing a newsletter concerning your member's activities and

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distributing a directory listing the current names and addresses of your members. You further state that these activities consume █% of your organization's time. These activities, as described in your application, do not demonstrate that your organization is operated exclusively for educational and charitable purposes as required by section 501(c)(3). These activities also serve the private interests of your members rather than public purposes as required by section 501(c)(3).

Therefore, we have concluded that you do not qualify for exemption from Federal income tax as an organization described in section 501(c)(3) of the Code. In accordance with this determination you are required to file Federal income tax returns on Form 1120.


Contributions to your organization are not deductible by donors under section 170(c)(2) of the Code.

In accordance with the provisions of section 6104(c) of the Code, a copy of this letter will be sent to the appropriate State officials.

If you do not agree with our determination, you may request consideration of this matter by the Office of Regional Director of Appeals. To do this, you should file a written appeal as explained in the enclosed Publication 892. Your appeal should give the facts, law, and any other information to support your position. If you want a hearing, please request it when you file your appeal and you will be contacted to arrange a date. The hearing may be held at the regional office, or, if you request, at any mutually convenient district office. If you will be represented by someone who is not one of your principal officers, that person will need to file a power of attorney or tax information authorization with us.

If you don't appeal this determination within 30 days from the date of this letter, as explained in Publication 892, this letter will become our final determination in this matter. Further, if you do not appeal this determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust administrative remedies. Section 7428(b)(2) of the Code provides, in part, that "A declaratory judgement or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Appeals submitted which do not contain all the documentation required by Publication 892 will be returned for completion.


If you have any questions, please contact the person whose name and telephone phone number are shown in the heading of this letter.

Sincerely,



District Director

Enclosure: Publication 892